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Berlin, New Hampshire

ANNUAL CITY REPORT

Fiscal Year July 1, 1991 - June 30, 1992

All Paths Lead to the Same Goal...



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TOUGH DECISIONS...
BERLIN'S SURVIVAL

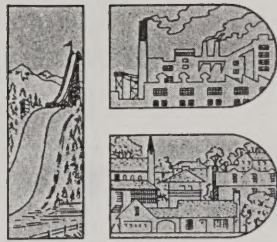
LOCAL GOVERNMENT HELPING THE CITY

MUNICIPAL OFFICERS

City Manager	Mitchell A. Berkowitz	752-7532
City Assessor	Richard Stapleton	752-5245
City Attorney	Jack P. Crisp, Jr.	752-2177
City Clerk	Lise Malia	752-2340
Comptroller/Collector	Aline Boucher	752-1610
City Engineer/Poll. Cont.	Terry Block	752-3407
Chief Operator Poll. Cont.	Michael Therriault	752-7230
Airport Manager	Wayne Gauthier	449-2168
Building Inspector	Fernand Villeneuve	752-1272
Development Director	Dennis Cote'	752-1630
District Court Judge	Wallace Ancil	752-6300
Fire Chief	Paul Fortier	752-3135
Health Officer	Robert Delisle	752-1272
Librarian	Yvonne Thomas	752-5210
Police Chief	Alan Tardif	752-3131
Public Works Director	Maurice Wheeler	752-4450
Recreation & Parks Super.	Laura Viger	752-2010
Superintendent of Schools	Richard Steudle	752-6500
Treasurer	Richard Langlois	752-4340
Water Works Super.	Albin Johnson	752-1677
Welfare Administrator	Annette Langevin	752-2120

Your government consists of people who are elected, appointed, and employed to provide education, fire and police protection, libraries, recreation and parks, health programs, snow plowing, pollution control and more. Government is only one part of our City. Our City is people who want to move forward, reflect upon the past and make significant improvements to our streets, bridges, industry, and our quality of life, **now and in the future.**

BERLIN



NEW HAMPSHIRE 03570

The City That Trees Built

MAYOR AND CITY COUNCIL

MAYOR

ADDRESS

TELEPHONE

OUELLET, Leo G.

275 Finland Street

Home
3911

COUNCIL

WARD I

DUSSAULT, Gerard J.

107 Mannering Street

6019

GOULETTE, Roland A.

562 Glen Avenue

2526

WARD II

COLE SR., Merle S.

32 Jasper Street

1126

RAMSAY JR., Richard H.

283 High Street

5175

WARD III

WISWELL, James P.

14 Dustin Street

2853

LaROCHE, Dennis R.

291 Norway Street

3237

WARD IV

COLLINS, Daniel T.H.

534 Champlain Street

3225

GRENIER, Paul R.

492 Champlain Street

4693

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THIS REPORT WAS PREPARED BY:

KOREN LABRECQUE
Executive Secretary
to the City Manager

MAYOR'S REPORT

Respectfully submitted by,

LEO G. OUELLET
Mayor

This was a rough year for the City of Berlin. It was principally caused by a totally divided Council, a major recession, the James River personnel reduction plan, and two daily newspapers competing for news.

This Council - often divided on every major subject caused some of the following problems:

- 1) A budget adopted by default.
- 2) A school system that cut out the kindergarten and sports even though it had a budget increase.
- 3) Major Police Department legal fees that could have been reduced somewhat.
- 4) Citizens loss of confidence in the City Council.

5) A defaulted wage freeze proposed sorely needed at a time of shrinking tax base.

There was also some good news - some of which are:

- 1) Our Canadian initiative is starting to produce jobs.
- 2) Our support of James River's \$73 million loan has helped keep them operating and stopped the sale of the mills.
- 3) A charter amendment was approved to give the City Council some control over expenditures of a capital nature.
- 4) The County Courthouse was bought.
- 5) We started our State mandated revaluation.

We are now getting involved in trying to shape our own future in the following areas:

1) Involvement in the Conway Road By-Pass.

2) Involvement in the Northern Forest Lands Project.

3) We are now trying to discuss and control our major budget expenditures - particularly health insurance.

4) Trying to turn around our shrinking population base while recognizing we have an elderly population with a City probably stabilizing at around 10,000 people.

5) A downtown revitalization plan that is showing some promise of success.

Berlin is a small City with problems but all these problems can and will be solved provided people get involved and we work together.

CITY MANAGER'S REPORT

Respectfully submitted by,

MITCHELL A. BERKOWITZ
City Manager

The past year has been one of the most difficult in Berlin's history. As we look back there was only one time before in which Berlin's future was in doubt. In the late 1920's, survival of the mills and its impacts to this City became a state concern. In this past year, we have again asked the state to intervene and the results are that by giving our mills another chance today, we are helping Berlin to survive.

In addition to the extreme difficulties of our national and regional economies, Berlin continues to deal with local issues that are the results of both the private and public sectors evaluating and seeking a change in how well we can conduct our businesses. In the private sector, we are witnessing a realignment of manufacturing that will compete in a global market. With those difficult decisions, the level of our labor force out of work is high. Given the fact that many jobs are changing, we must set our sights on re-training and developing a labor pool with new skills to compete in an economy that relies on more than the manufacturing skills of yesterday.

Perhaps the toughest decisions within the local

government where we are asking ourselves what public services we want and at what price are we willing to support those services. The City can no longer rely on property value enhancements to help cover our expenses.

The areas of expenses have been built into the growth of Berlin over the past several decades. As the demands for services increased, so did our overall cost of operations including materials, supplies, utilities, and personnel costs. With the federal and state governments pressing hard for controlling liquid and solid waste, we are now seeing the full cost impacts associated with the disposal of solid waste, recycling and the closures of landfills. Our City infrastructure continues to require upgrading in areas of water and sewer systems, streets, sidewalks and bridges as well as equipment. Some of these will require further debt to be incurred.

The difficult decisions are before the City Council.

◆ Should we make policy that requires changes to occur in both the size of government and the service priorities of the community?

◆ How much should a tax rate increase to support local government and those services?

◆ How can we make government a more efficient system for the tax dollars that are available? Can we expand our tax base as well as our employment base?

◆ What mix of business and industry should this City pursue to insure that the future economy of Berlin (and this region) will not be dependent upon one industry?

As we confront these questions we know that they result in difficult decisions. There are no easy answers. Berlin's survival in these difficult times will require that all of the community, its leadership and the City work together. As the Council's policies are developed to address the issues, we will implement them in the best interest of the community.

CITY ASSESSOR'S REPORT

Respectfully submitted by,

RICHARD J. STAPLETON,
CNHA
City Assessor

SUMMARY INVENTORY OF TAXABLE PROPERTY APRIL 1, 1992

As the Summary below illustrates, the Gross Valuation of the City for Tax Year 1992 is \$214,349,575. The resultant tax (mill) rate, computed by dividing the Appropriations by the Net Valuation is \$.05146 or \$51.46 per thousand dollars of valuation.

Land	\$25,772,650.	
Building	166,825,225.	
Public Utilities	21,751,700.	
GROSS VALUATION		\$214,349,575.
Blind Exemptions	270,000.	
Elderly Exemptions	3,579,200.	
Physically Handicapped Exem.	18,400.	
Water/Air Poll. Cont. Exem.	7,000,575.	
TOTAL EXEMPTIONS		10,868,175.
NET VALUATION		\$203,481,400.
	EXEMPTIONS GRANTED	
TYPE	NUMBER	TAX DOLLARS
Elderly	287	\$ 184,186.
Blind	18	13,894.
Physically Handicap	5	947.
Water/Air Pollution Control	4	360,250.
Veterans	956	52,200.
	ASSESSMENTS	
TYPE	NUMBER	TAX DOLLARS
Resident Tax	7,332	\$ 73,320.
Yield Tax	14	8584.
Building Permits Reviewed	461	
Property Transfers Processed	229	

Last year in our submission for the Annual Report, we indicated that we were faced with a revaluation that had been ordered by the Board of Tax and Land Appeals. We pointed out the preparations that entailed, namely, planning for remapping and writing specifications for putting the revaluation out to bid.

We can now report that Cartographic Associates, Inc. of Littleton, NH, is preparing our maps. The aerial photographs have been delivered and the maps are being digitized and will be put on computer. Our new maps will have topos at two (2) elevations, tax maps showing property lines and buildings and utilities maps. In addition to their value to the Assessor's Office, these maps will benefit the Engineering, Public Works, Health, Planning, Police, Fire, and Water Departments and also the Library.

The revaluation is moving along on schedule. All of the listing of residential and commercial properties is completed and Sabre Systems, the company employed by the City, is busy entering information on computer and calculating values. Sansoucy Associates are calculating the value of the Utilities and James River.

In May of 1993, public hearings will be held to hear input from the taxpayers. Hearings will be held by both the mapping company and the revaluation companies.

BERLIN HOUSING AUTHORITY

Respectfully submitted by,

DONALD MANGINE
Executive Director

CONSOLIDATED BALANCE SHEET (as of December 31)

Continued Program Growth:

In the year's first quarter, the Authority received HUD-funding sufficient to subsidize 14 more units of Section 8 housing - that award brought the total number of units in the Authority's assisted housing programs to 347.

Rental assistance payments

made in 1991 to private landlords on behalf of low-income households participating in the Authority's Section 8 housing programs (certificates, moderate rehabilitation and vouchers) amounted to nearly \$671,000, up \$67,000 from the total the Authority paid out in 1989.

Program utilization at year's end was at 99 percent, with 346 of the 347 units allocated to the Authority under lease at December 31; at the close of 1990, 99 of every 100 units were under lease.

Robert R. Morin of Whittemore Street was reappointed to the Authority's board on December 2nd. He has been a member of the Authority since it was formed and serves as its Chairman.

ASSETS	1990	1991
Cash	58,589	65,864
Security Deposits		1,931
Accounts Receivable	2,811	2,962
Investments	161,233	191,000
Debt Amortization Funds HUD Contributions Receivable	78,323	78,323
Prepaid Insurance	2,328	2,189
Land, Structures & Equipment	1,355,222	1,383,617
TOTAL ASSETS	1,658,506	1,725,886
LIABILITIES	1990	1991
Accounts Payable	4,702	1,266
Accrued Liabilities	1,721	5,262
Notes Payable	888,076	868,365
Prepaid HUD Contributions (Net)	11,144	7,871
TOTAL LIABILITIES	905,643	882,764
EQUITY	1990	1991
Operating Reserves	207,393	249,548
Cumulative HUD Contributions (Net)	524,470	593,574
TOTAL EQUITY	752,863	843,122
TOTAL LIABILITIES & EQUITY	1,658,506	1,725,886

CITY CLERK'S REPORT

Respectfully submitted by,

LISE MALIA
City Clerk

VITAL STATISTICS

	1989 - 1990	1990 - 1991	1991 - 1992
Births	191	155	153
Marriages	81	119	72
Deaths	142	150	119

Clerk: Debbie Patrick

I am pleased to submit the City Clerk's Report for the Fiscal Year ending June 30, 1992, summarized as follows:

- Assisted in the preparation of the agenda for regular Council Meetings.
- Attended regular and special meetings of the City Council, recorded the minutes and indexed same.
- Published notices of public hearings for proposed ordinances and public meetings.
- Indexed and filed resolutions, ordinances, city deeds and leases, agreements and other City-related miscellaneous records.
- Filed and indexed public records, such as State liens, Articles of Agreements, Pole Licenses, etc.
- Provided copies of minutes of meetings, ordinances, resolutions, and other public records.
- Administered oaths of office.
- Notarized documents and affidavits for City departments and public.
- Issued a variety of licenses and permits.
- Sold cemetery plots and issued grave digging orders.
- Assisted in genealogy research.
- Prepared for February 1992 Primary Election.
- Accepted voter registrations and changes in party affiliations throughout the year.
- Arranged for public sessions for supervisors of the voter check lists.
- Researched State law and other records for City departments.

The clerks in the Collection Department Elaine Tremblay and Colleen Poulin performed other activities on behalf of the City Clerk, including the licensing of three hundred and seventy dogs as well as issuing fish and games licenses. Two hundred and forty-three UCC filings and seventy-two UCC terminations were processed by Ms. Colleen Poulin.

Additionally, the City Clerk's office issued marriage licenses, certified copies of vital records, processed birth and death records, and filed applications for amendments to vital records and also processed "delayed certificates of birth". As of July 1, 1992, new fees for certified copies of vital records were established by the State for the purpose of improving and automating vital records at State and Local levels.

CITY WELFARE DEPARTMENT

Respectfully submitted by,

**ANNETTE LANGEVIN
Administrator
of Welfare**

The Welfare Department provides assistance for basic needs to persons in the City who are unable to support themselves due to **u n e m p l o y m e n t**, underemployment or sickness, and who are ineligible for other forms of government aid. The Department also provides information, counseling, and referrals to appropriate agencies.

General Assistance is mandated by the State of New Hampshire Welfare Laws and is administered in accordance with written guidelines adopted by the Council. The Department does not provide direct cash payments. All assistance is granted in the form of purchase orders.

The Department also oversees a Workfare Program. Recipients who are able to work are assigned to City Departments or non-profit organizations to work off the assistance granted. This fiscal year's caseload included more recipients that were able to work but due to the economic condition, could not find jobs.

The following statistics represent
some of the activities of the Department
for the Fiscal Year
July 1, 1991 through June 30, 1992:

Office Visits	3,898
Cases Interviewed	310
Cases Assisted Financially	129
Families	23
Singles	106
Welfare Orders Issued	2,216
Hours Worked on the Workfare Program	11,421

ENGINEERING & POLLUTION CONTROL

Respectfully submitted by,

TERRY BLOCK, P.E.
City Engineer

Providing Opportunities for a Better Tomorrow

Francis Bacon is quoted as saying "A wise man will make more opportunities than he finds". It is this spirit of making the most of every situation that the Engineering and Pollution Control Departments have tried to achieve in these difficult economic times. All of our activities in FY91-92 were aimed at strengthening our reputation for maximizing available funding, for providing the highest level of leadership, and for continuing to make the most informed and responsible decisions in the administration of these departments. To us, difficult economic times does not mean just survival, but the opportunity for us to continue to prove that our role in the community is a vital a responsive one.

Among our achievements in FY91-92:

★ Resurfacing of approximately 12 miles of

City streets in order to continue our efforts to preserve the City's street infrastructure

★ Reconstruction of two large retaining walls (Bartlett School and Denmark/Eighth Streets) in order to better protect the public and increase the value of those walls

★ Development and award of a contract for the complete re-mapping of the City to take Berlin into the 21st century and provide advanced capabilities for planning and decision-making

★ Installation of a complete fire alarm system for the Police and Recreation facility to reduce the City's liability and protect our employees

★ Rehabilitation of a portion of the Public Works garage to bring wiring and ventilation systems up to code

★ Purchase of a utility tractor for the Berlin Pollution Control facility to provide more efficiency in snow removal, landscaping, etc.

★ Development of a sludge management program for the wastewater treatment plant to minimize the impacts of the closure of the East Milan Landfill on the cost of sludge disposal

★ Development and implementation of a "pay-as-you go" program for the Cates Hill landfill in an effort to reduce the taxes and to make this operation more equitably funded

★ Hiring a chief chemist for

the wastewater treatment plant in order to relieve staffing problems, to be able to more effectively comply with permit requirements, and to more fully analyze plant processes to achieve greater treatment efficiencies

★ Completion of the installation of new traffic signal controllers at critical intersections throughout the City to improve traffic flow and driver safety

★ Continued work on the identification and correction of improper sewer connections in order to remove the pollution from our rivers and streams

★ Installation of a new roof on City Hall in order to preserve the integrity of this valuable City building

We continue to look for opportunities to maximize taxpayer dollars while providing a better quality of life for Berlin residents in the areas of landfill closure planning, facilities master planning, safety and loss prevention program management, and employee training programs.

We are privileged to be able to provide the City of Berlin with these types of services and pledge our commitment to continue to make opportunities to benefit Berlin which will allow it not only to survive the 90's but to grow and excel.

PUBLIC WORKS DEPARTMENT

The Public Works Department provides a number of services to the City of Berlin. We provide equipment for all Public Works, Fire Department, Police & Recreation Department, Health Department, Pollution Control Department and Engineering Department.

LANDFILLS:

East Milan: Bulldoze, hauling sand from Airport to landfill for cover.

Cates Hill: Dozer to compact material; we burn wood pile during winter months.

GARBAGE REMOVAL:

The department was able to shorten the collection day from 5 days to 4 days per week.

RECYCLING:

Again this operation was cut from 5 days to 4 days. Cardboard was added to the operation for commercial stops and that is collected on the fifth day.

The department dyed some 1,300 homes to determine their destination.

We provide snow plowing, sanding and salting, and removal of snow as well as plowing and sanding of sidewalks.

We maintain five cemeteries.

Hauled gravel for James River Pit to stockpile at PWD Garage.

The department reconstructed 120 sidewalk wheelchair ramps.

They installed 1,475 linear feet of asphalt curbing.

Linseed oil was applied on retaining walls, sidewalks and bridges.

SAND AND SALT BARRELS:

145 removed in spring

145 installed in fall

STREET PAINTING:

Crosswalks, yields, no parking, parking spaces, parking lots school parking lots

Reconstructed the southerly end of Enman Hill.

SWEEPING:

Streets - all summer

Sidewalks - spring

RETAINING WALLS BUILT:

State Street - 90 l.f.

Jolbert Street - 50 l.f.

Mason & School Street - 48 l.f.

Respectfully submitted by,

MAURICE WHEELER
Public Works Director

The department reconstructed two intersections for better truck movement at Mt. Forist & Pleasant Streets and Mason & School Streets.

Repaired catch basins & manholes	51
Rebuilt manholes & catch basins	13
New catch basins & manholes	4
Replaced drain lines & new drain lines	217'
Replaced sewer lines	386'
Replaced service lines	132'
Salt for winter use	1896.71 tons
Sand for winter use	3302.53 tons
Cover for East Milan Landfill	7000 cu. yds.
Street signs installed & repaired	375
Spring Clean Up Week	369 calls
Fall Clean Up Week	426 calls
Responded to Private Sewer Calls	35

NEW EQUIPMENT PURCHASED THIS YEAR INCLUDED:

- 1 - NEW 6-WHEEL DUMP TRUCK, ALL WHEEL DRIVE WITH PLOW AND WING
- 1 - USED 6-WHEEL DUMP TRUCK, ALL WHEEL DRIVE WITH PLOW AND WING

BERLIN FIRE DEPARTMENT

Respectfully submitted by,

PAUL E. FORTIER
Fire Chief

The Berlin Fire Department operational mission is the protection of the citizens of Berlin from the ravages of fire as well as accidental and natural problems that cause injury or damage. Fiscal year '92 has seen an 11% increase in calls for service from this department and this type of increase is likely to continue as these difficult economic times continue. The age of the infrastructure of the City presents many different types of problems for the types of emergencies that this department is responsible for, and in Fiscal Year '92 all emergency calls were brought to a successful outcome, with minimal injury and damage. These calls included fire calls, rescue calls and hazardous material emergencies.

The Fire Prevention Bureau is responsible for the enforcement of the City and State fire codes and has provided many inspections of new and existing properties for compliance as

it relates to fire and life safety. The fire prevention theme for this year was "Fire Won't Wait...Plan Your Escape", and this message was brought to the elementary schools, the elderly, and the general citizenry through many of the fire prevention programs that the bureau provided.

The Berlin Fire Department Electrical Systems Division has continued to provide City fire alarm upgrade and maintenance, as well as electrical maintenance and repair to all City buildings. The city's radio communications are also maintained by this division.

The diversity of services that this department provides to the City of Berlin will continue in a professional and efficient manner for the protection of lives and property.

The following is a summary of Berlin Fire Department Calls for FY 1992:

Structure Fire	35
Outside of Structure	8
Vehicle Fire	6
Brush/Grass	20
Trash/Dumps	24
Arching/Shorted Elec. Equipment	29
Excessive Heat/No Fire	4
Water/Smoke Removal	31
Rescue/Extrication	22
Spills/Leaks	59
Stand-by	19
Malicious False	20
Unintentional False	73
Good Intent	31
No Service	10
Other	8
TOTAL	399

The following is a summary of the Fire Prevention Bureau inspections:

Places of Assembly	33
Oil Burning Equipment	113
L.P. Gas	11
Multi-Residential	11
New Construction	115
Wood Burner/Chimney	14
Health Care	10
Miscellaneous	110
Complaints Investigated	16
Industrial	7
Foster Homes	16
Day Care	11
Alarm Inspections	60

BERLIN POLICE DEPARTMENT

Respectfully submitted by,

ALAN TARDIF
Berlin Police Chief

The Berlin Police Commission is dedicated to ensuring that every attempt is made to maintain an acceptable level of police service. The overall mission of the Berlin Police Department is to give the citizens of Berlin the opportunity to exist free from crime and disorder. However, the Police Commission constantly examines ways to streamline operations in an attempt to manage with less while still fulfilling that mission. Contrary to most governmental agencies, the police are on duty, available to provide assistance to the public on a twenty-four hour basis every day of the year.

One of the most important programs established in the Berlin Police Department this past year is the D.A.R.E. (Drug Abuse Resistance Education) program. D.A.R.E. is a 17 week course designed for fifth and sixth graders and teaches children to develop positive attitudes and behavior. It gives them the self-confidence, sense of self-worth and the willpower they need to resist drugs and alcohol. D.A.R.E. gives children the tools they need to build a better life and a brighter future. Officer Steve Arsenault graduated from the D.A.R.E. Instructor School in September of

1992 which was presented by the Illinois State Police. Officer Arsenault will be instructing the sixth grade students one day each week in the Berlin School District and will use the curriculum developed by the Los Angeles California, Unified School Districts Instructional Specialist. He is also available to present drug education classes to parent groups to ensure that children are well informed regarding the dangers of drug abuse.

The officers and civilian personnel of the Berlin Police Department provide a wide variety of services for residents and individuals employed within the City. The majority of the workload is received in the form of a call for service either by telephone or in person.

Generally, these demands for police service are beyond the control of the police and the Department has little control over the volume or time of occurrence. Much of police work is therefore, "reactive" and takes the form of police response to a citizen's call for service. At the same time, officers attempt to anticipate and deter problems before they arise and take preventive action. The number of calls for service received by the Berlin Police department continues to increase steadily.

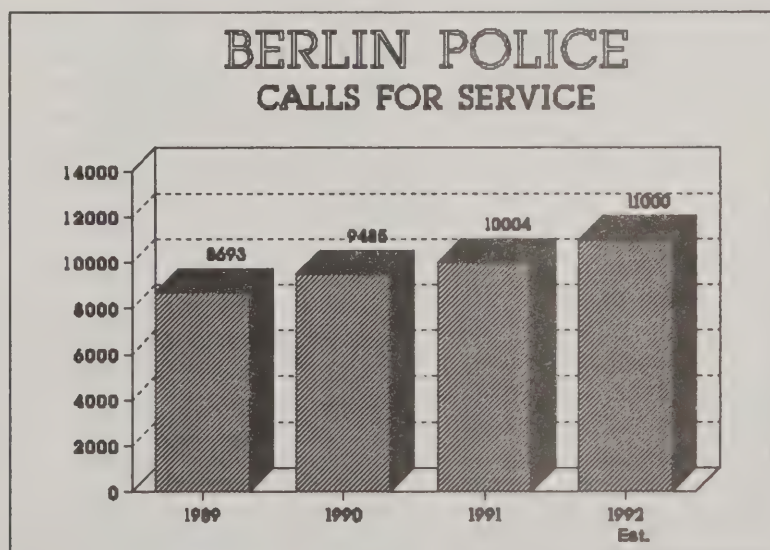


Figure 1.

HEALTH DEPARTMENT

Respectfully submitted by,

ROBERT A. DELISLE
Health Officer

The Health Department is an integral part of the City Government; however, in many respects, this Department is uniquely different from the other Departments. The service we provide serves every citizen of the city, regardless of socioeconomic status. Unlike the medical and social services limited to particular segments of the population, Berlin Public Health Services protect all residents of the City.

Most of our functions are based on City Ordinances and State Statutes and Charter which were established to safeguard the public. We are required to carry out public safety and health functions and meet the standards established by City Ordinances and State Law.

A Hallmark of the Health Department's services is its diversity. Every individual in the City of Berlin will somehow come in contact with the Department. We are notified of your birth and information from your death certificate is filed with us. We may immunize your children; we may help you or your family with any disease

outbreak; assist you with a handicapped person; inspect the hospital to which you are sent when you become ill; and possible render nursing services, physical and/or occupational therapy services, and homemaker/home health aid services in your home once you are discharged from a hospital or other health care facility.

We do laboratory analysis of drinking water, making sure it is not detrimental to the community. We inspect foster homes, day care centers, restaurants, schools, and more.

We offer a variety of out-patient services; blood pressure, cholesterol screening, diabetes screening, flu vaccine and immunization clinics, to name a few.

This Department issues building, electrical and plumbing permits, and performs necessary follow-up inspections on permits issued. We also do all necessary inspections for the Berlin Housing Authority.

Although these functions are diverse, we at the Health Department share professional backgrounds and a common commitment to the health and safety of the citizens of this City.

With your support, we can continue to provide needed services to assist the citizens of Berlin towards a goal of optimal health.

INSPECTION SERVICES OF DEPT	
Restaurant Licenses Issued	39
Ambulance Services Licensed	1
Ambulance Vehicles Licensed	3
Ambulance Attendants Licensed	11
Municipal Water Analyses	695
Child Care Facilities	9
MEDICAL-CLINICAL SERVICES	
Number of Office Patients	112
Number of Office Visits	794
IMMUNIZATIONS & TESTS	
Oral Polio	74
DTP Injections	81
Measles, Mumps, Rubella Vaccine	152
TB Mantoux Tests	339
Td Injections	10
HIB Injections	47
CLINIC ATTENDANCE RECORD	
Cardiac Clinic	13
Cholesterol Clinic	396
Genetic Clinic	6
Flu Vaccine	415
Immunization Clinic	118
Hepatitis B	86
PUBLIC HEALTH NURSING	
Home Nursing Visits	4,265
Home Nursing Patients	236
Physical Therapy Visits	387
Occupational Therapy Visits	147
Home Health Aide Visits	5,197
School Nursing Visits	51
Inspections by School Nurse	384
SPEC. SCHOOL TESTING PROGRAMS	
Maico Hearing Tests & Retests	133
Snellen Screening	128
OTHER SERVICES	
Ambulance Calls in Contract Area	716
Ambulance Calls Outside Con. Area	60
Burial/Transit Permits Issued	120

PERMITS ISSUED	# OF PERMITS
Commercial Addition	2
Commercial Alteration	21
Demolition	21
Electrical	124
Garages/Carports	19
Industrial Additions	1
Industrial Alterations	6
Institutional Additions	1
Institutional Alterations	9
New Homes	3
Plumbing	23
Residential Addition	39
Residential Alteration	126
Siding	54
Signs	11
Storage Sheds	8
Swimming Pools	6
TOTALS	474

BUILDING INSPECTOR'S REPORT

Respectfully submitted by,

FERNAND VILLENEUVE
Building Inspector

HOUSING INSPECTOR'S REPORT

Respectfully submitted by,

NORMAN ROLLINS
Housing Inspector

ZONING BOARD OF ADJUSTMENT

Respectfully submitted by,

FERNAND VILLENEUVE
Building Inspector

Public Hearings Held	11
Appeals Heard	23
Variances/Exceptions Granted	14
Variances/Exceptions Denied	9

	BUILDINGS	RENTAL UNITS
Moderate Rehabilitation	12	53
Certificates	4	
Subsidy Loans	0	
Rooming House Permits	3	
Inspections Upon Complaints	62	
Units Inspected	197	
Violations	29	
Violations Corrected	29	
Rooming House Units	62	
Structures Inspected	197	
Units Condemned	0	

FINANCE/COLLECTION REPORT

The Finance and Collection Department is responsible for the accounting and record keeping of all financial transactions of the City's General Funds, as well as all other Funds. The City's Auditors, Mason and Rich, Concord, New Hampshire, audited the City books and the City's detail financial reports for the General Funds, Special Revenue Fund, Capital Projects Funds, Propriety Funds Types, all Trust and Agency Funds, and General Long-Term Obligations are in their accompanying Audit Report for the year ended June 30, 1992.

This Department is responsible for the timely filing of all federal and state financial and tax reports all as required by the Federal Government and the State of New Hampshire. The City's financial records are maintained on the IBM 36 System.

This Department is responsible for the following processes, and where applicable, indicate approximate number of annual transactions and amounts.

PROCESSES	# TRANSACTIONS	AMOUNT	PROCESSES
ACCOUNTS PAYABLE	7,370	\$20,603,784.	GENERAL LEDGER
PURCHASE ORDERS ISSUED	2,216		CASH REVENUES
PAYROLL - 1991	18,611	10,625,953.	APPROPRIATION LEDGER (BUDGET)
REVENUES OTHER THAN TAXES		11,390,164.	FINANCIAL REPORTING
REAL ESTATE WARRANTS	4,687	9,932,170.	PERSONNEL FILES
RESIDENT TAX WARRANTS	7,332	73,320.	VOTER REGISTRATION RECORDS
SEWER WARRANT	3,409	701,119.	REAL ESTATE COLLECTIONS
OTHER TAXES	11	7,441.	RESIDENT TAX COLLECTIONS
TAX LIEN PROCESS - 91	466	725,943.	SEWER USER COLLECTIONS
MOTOR VEHICLE REGISTRATIONS	10,794	684,208.	TAX LIEN REDEMPTIONS - ALL YEARS
			UGC'S

In addition to the above, the Finance Department administers Health Insurance for the City Employees, Water Works, Cobra Extension, as well as for 126 Retirees, (total covered - 288 members). The Finance Department also administers Life Insurance, Accident and Sickness, N.H. Retirement System Pension, N.E. Mutual Pension Plan, Worker's Compensation and Unemployment Compensation for all City Employees. This Department is responsible for Insurance Benefits/Billings and Collections from City Departments, retirees and COBRA extension.

This Office is responsible for the Central Services Purchasing and Billing of gas, office supplies and other purchases for City Departments and State Agencies. This Department is also responsible for the record keeping of the Berlin Airport Authority, including sales of All Gas. The Finance Department is also responsible for the mail service of all incoming and outgoing mail for all City Hall Departments, Development Department, as well as large mailing for all other City Departments.

The Finance/Collection Department has a staff of six full-time employees and two part-time employees - (Total 21 Hours). In addition to the Comptroller/Tax Collector, staff include the following personnel: Jeannette Laffamme, Supervisor Computer Division/Payroll; Lucille Lavoie, Accounts Payable Clerk; Debra Patrick, Receptionist/Clerk Typist; Colleen Poulin, Collection Clerk; Elaine Tremblay, Senior Collection Clerk; Anita Valliere, City Accountant and Susan Warren, Account/Billings Clerk.

TAX COLLECTOR'S REPORT

Respectfully submitted by,

ALINE BOUCHER
Comptroller/Tax Collector

THE FOLLOWING IS THE TAX COLLECTOR'S REPORT FOR THE PERIOD ENDING JUNE 30, 1992:

	1992 REAL ESTATE TAXES	1991 REAL ESTATE TAXES	1991 TAX LIENS	1990 TAX LIENS	PRIOR YEAR'S TAX TITLES	SEWER USER TAXES	1992 RESIDENT TAXES	1991 RESIDENT TAXES
07/01/91 UNCOLLECTED BALANCE	-0-	\$3,126,605.	-0-	\$726,938.	\$318,275.	\$349,234.	-0-	\$43,840.
TAXES SOLD TO CITY ²	-0-	(610,300.)	\$725,943.	-0-	-0-	(57,292.)	-0-	(480.)
TAX WARRANTS	\$4,915,716. ¹	4,952,104.	-0-	-0-	-0-	834,793.	\$73,320.	-0-
COLLECTIONS/REDEMPTIONS	(2,212,621.)	(7,426,734.)	(103,035.)	(367,281.)	(245,590.)	(768,530.)	(29,780.)	(27,710.)
REFUNDS/OVERPAYMENTS	20.	817.	-0-	-0-	2,111.	1,805.	70.	200.
LIENS - RSA - 72/38A	-0-	(2,317.)	(1,303.)	(652.)	(1,467.)	(219.)	-0-	-0-
ABATEMENTS/DEEDS/DISCOUNT	(98.)	(40,175.)	(1,901.)	(9,458.)	(43,942.)	(230,447.)	-0-	-0-
RESERVE - UNCOLLECTIBLES	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
UNCOLLECTED BALANCE 06/30/92	\$2,703,017.	-0-	\$619,704.	\$349,547.	\$29,387.	\$129,344.	\$43,610.	\$15,850.

OTHER TAXES/INTEREST COLLECTED

Special Warrants	\$3,676.
Resident Taxes - Uncommitted	6,486.
Interest - Delinquent Taxes	79,167.
Interest - Tax Liens	134,860.
Resident Taxes - Penalties	780.
Sewer Taxes - Interest	11,888.
Land Use Change Tax	3,500.
Yield Taxes	7,787.

¹ Warrant 1/2 year

² Includes 1991 Real Estate Taxes, Resident Taxes, Interest, Costs & Fees.

BERLIN RECREATION & PARKS

Respectfully submitted by,

LAURA LEE VIGER
Director

Difficult decisions are not new to the current status of the City of Berlin. Difficult decisions are a part of everyday life faced by each person. The challenge is to continue to provide a quality, enriching life while realistically and responsibly facing the fiscal reality about us.

The Berlin Recreation and Parks Department (BRPD) continues to provide quality, enriching leisure potential to the citizens of Berlin, while realistically and responsibly facing the fiscal reality of the municipal budget.

The following review of solutions to problems and decisions confronted by the department provides a thumbnail sketch of the resolution of difficult decisions on behalf of this department.

ALTERNATE FUNDING SOURCES FOR PROGRAMMING

1. ODAP/Drug Free School Committee Funding: This funding was significant in the department's ability to provide the Summer Adventure Program.

2. Land & Water Conservation Funding: This funding provided for the completion of the 440 Community Track located at the far end of Willard Street. The department has applied for funding for the rehabilitation of the Ramsey Hill Playground under grant round number thirteen, October, 1992.

3. N.H. Special Olympics: The department has received a pledge of approximately \$1,000 towards the Ramsey Hill Development as

well as considering financial support of campership position in the summer camp program.

4. North Country Association for Special Needs Citizens: This includes Special Olympics programming, therapeutic recreation staff costs, and clerical costs related to the administration of these important programs. The Association has also purchased a computer system for the BRPD.

5. Private Donations: A large variety of private citizens, civic groups, businesses, industries, and corporations contribute to the program support of the department. This support allows for the execution of programs and required work without the expenditure of departmental funds.

NETWORKING AND SHARED SERVICE INVOLVEMENT

1. Program Considerations: The department works with a variety of other human service agencies. This shared serviced approach allows each of the agencies to provide resources to a larger goal not attainable alone. Examples include the activation of the White Mountain Youth Center, the Senior Programming coordinated with the Healthy Older People Education program, and the cooperative school programs such as Middle School Jogging.

2. Working with other departments for the further benefit of departmental needs is key to the continued existence of our ability to provide quality service. The support of the Berlin Public Works Department in areas of maintenance is primary to our ability to complete such required work as the Jericho Dam Reseeding Project. The blood pressure screenings provided to our Seniors Walking program through the generous support of the public health nurses is an important part of our ability to provide a safe program to the community. The BRPD is also active in providing support of other departmental work when possible.

The assistance provided to the Berlin Airport through the Recreation Department's summer maintenance crew was instrumental to their ability to meet certain regulations. The decision to network between departments and work together for the common goal is key to the entire survival of the municipal services we take for granted.

3. Networking with a variety of federal and state agencies to acquire a broad base of support of departmental efforts is also a key to the continued survival of a quality department.

FEE AND CHARGE SCHEDULE REVIEW

1. At the onset of the 1992 fiscal year, the department reviewed the then current fee and charge schedule. This review was prompted by recent years of "holding the line" relative to our program budget. Minimum wage increases, the cost of most equipment items required for program increases, facility cost rise but the no increase budget does not address these increases. As such, the commission was compelled to review the increases of departmental fees to assist in addressing program needs.

2. Program fees and charges were increased by approximately 10% beginning in the spring of 1992. The department policy to provide support to needy individuals relative to program participation continues.

Difficult decisions will be the nature of municipal service for many years to come. Difficult decisions have always been part and parcel of important decisions that benefit the community we live in. The BRPD continues to face these decisions, positive to be able to meet the needs of the future recreation demands of the community.

BERLIN PUBLIC LIBRARY

The Berlin Public Library has had to face some difficult decisions in the last few years, and the staff of the library has willingly confronted the challenges in order to effect a better tomorrow. We continue to be creative and effective as a library in spite of the financial constraints placed upon the budget. We are continually trying to upgrade our resources and renewing our commitment to a striving community. The management of the Berlin Public Library is conducted with this goal always in mind.

In the fall of 1991 a book discussion series entitled "Yankee & Strangers" was presented by the Berlin Public Library in conjunction with the Fortier Library at the Technical College. The Spring of 1992 brought us "The Cultural History of Mount Washington" with the funding provided by the New Hampshire Humanities Council.

In June, July and August 1991 the theme of our Summer Reading Program in the juvenile department was Garfield's Summer Reading Club. Garfield was a very large success, and a hundred and twenty-five children registered for the program, a good time was had by all.

The Director and the Children's Librarian made numerous visits to Berlin schools in order to introduce the children and teachers to the programs available at the Library, the librarians also conducted various programming such as Colette's Puppets, Story Hours,

Story Teller Papa Joe and school visitations.

The Berlin Public Library is always prepared to answer any questions and to serve the public with their best efforts striving to the highest level of professionalism confronting the challenges of Berlin's Survival as a thriving community.

Respectfully submitted by,

YVONNE THOMAS
Librarian

	ADULTS	JUVENILE	TOTAL
FICTION	17,553	12,273	29,826
PHILOSOPHY	396	84	480
RELIGION	115	84	199
SOCIAL SERVICES	1,156	967	2,123
LANGUAGES	38	69	107
PURE SCIENCES	427	1,818	2,245
TECHNOLOGY	1,755	823	2,578
THE ARTS	1,017	789	1,806
LITERATURE	366	453	819
HISTORY	278	631	909
GEOGRAPHY & TRAVEL	520	45	565
BIOGRAPHY	556	472	1,028
GENERAL	209	186	395
PERIODICALS	4,543	120	4,663
RECORDS & AUDIO CASS.	533		533
PAPERBACKS	4,797		4,797
VIDEOCASSETTES	6,803		6,803
TOTALS	41,062	18,814	59,876

Books Loaned to Other Libraries	41
Books Borrowed from NH State Library	99
Books Borrowed from Other Libraries	209
TOTAL CIRCULATION	60,225

BERLIN PUBLIC SCHOOLS

Respectfully submitted,

RICHARD STEUDLE
Superintendent of
Schools

The 1991-92 school year was an exemplary year for the delivery of educational services to the students of the city of Berlin. In spite of the fact that financial difficulties are the by-words of the city, significant p r o g r a m m a t i c improvements are visible throughout the city.

Our School Improvement Program at Brown School, which was instituted three years ago, has continued to develop its program of site based management, and the community volunteer program continues to be award winning. The Board of Education was able to develop and support a program of "READING RECOVERY". The program was financed through blending of Chapter I and local funds. The Board of Education continued its frugal ways in our transportation program and was able to finance a school bus utilizing funds

that had been paid by parents in fees to transport the secondary students for which the city does not provide transportation to and from school.

Continued rising costs of supplies and materials, as well as the need for additional monies to pay contracted salaries, posed a problem for the Board of Education. The Board was able to balance the budget in spite of the rising costs and lack of sufficient appropriation to meet its program needs by restricting nonessential purchases and activities. The entire year was marked with disputes between the City Council and Board of Education, primarily over governance and financial issues. A written agreement between the Board and City Council, hopefully, will provide for a greater level of harmony between the two bodies.

The High School, again, got off to an excellent start with several academic changes in operating with a very limited number of new staff members. It would, again, be fair to note that Mr. Bruce MacKay took over the reins of educational leadership at the High School after having served as an industrious professional, teacher, department head, and assistant principal. A new English curriculum was put in place that had

been approved in the spring of 1991 by the Board of Education. The curriculum now features semester electives for juniors and seniors. The Math department also featured several curriculum changes with a pre-Algebra course replacing Introductory Algebra. A new course in Applied Mathematics was implemented. A new semester course in the Social Studies department was instituted in World History as well as a combination of New Hampshire History and Civics planned into a single semester course. The Board of Education approved the purchase of 20 new computers necessary for the High School to develop a new computer course that combines Computer Literacy and Keyboarding. This new course will be instituted in the 1992-93 school year and taught by the Business department.

As far as building repairs and other physical needs, general maintenance has been good but the High School staff is still frustrated with problems in the heating and ventilating system. It is awfully difficult to maintain poorly designed engineered systems in a building.

The Vocational Education Program continues its exemplary status. This is

achieved through special funds from state and federal government and Dr. Ellum's long-range program of maintenance and upgrading supplies and materials. The Guidance department reported a slight dip in the percentage of our students going on to colleges as compared to the 1991 graduating class. It would appear that the changes in the percentage were offset by the increased percentage of students entering two-year and vocational technical colleges as well as one-year educational programs.

Our Middle School continues to be one of the lowest cost per pupil institutions in the state. In spite of our low cost, a relatively sound program is offered to our students in grades 5-8. Even though we have significantly reduced teachers without a commensurate reduction in students, most programs are flourishing. The quality of programs throughout the schools, not just the Middle School, has depended on the dedicated and professional teachers. For several years now, the Middle School has not had sufficient guidance and counseling services to meet the needs of this very fragile age group. We would reflect the statement in the annual report of the Middle School, "We still cling to the hope that a second counselor will be hired. It is becoming more apparent that one

counselor can work only on a crisis basis and must prioritize activities on an as needed basis." The Middle School also reported a lack of necessary programming for a) Students-At-Risk, b) A Language Program in Grades 7 & 8, c) A Guidance Counselor, d) A formal Reading Program in Grades 7 & 8, e) A full-time staff of sufficient size to fully implement a "Middle School concept", and f) Expansion of the Gifted & Talented Program.

In our elementary program, a lot of things have happened to improve the programming, and the principals and staff of our elementary schools, which consist of grades 1-4, are doing an excellent job of providing sound educational experiences for our students. Our elementary schools have been conditionally approved by the state for some years and will continue to be conditionally approved in that one of the requirements for approval, a Media Generalist be employed. As indicated earlier in the report, one of the more significant goals of the elementary program is to improve the reading program, a very intensified program in reading improvement in trying to provide our staff with a program of transition from Basal to Literature Based Instruction. In addition, the "Reading Recovery" Program in its infancy

appears to be very successful in its efforts to take low reading level first grade students and provide them with proper techniques to read and write for average levels in their age group.

As mentioned earlier, the staff at Brown School was honored with volunteer program awards through the state Partnership Program, and we expect that will continue. A real bright spot in the curriculum at Brown was the development of the "Wee Deliver" program in partnership with the Berlin post office.

A new offering for the students at Marston and Bartlett Schools was the institution of the "Odyssey of the Mind" program. Many parents volunteered their time to see to the success of this program.

The Board of Education acquired a new member; Mr. Richard Demers was elected to serve in the seat previously held by Mrs. Annemarie Platt. Mrs. Alethea Froburg was reelected as Chairperson of the school board.

We are confident that the entire staff of the Berlin Public Schools will continue to deliver the best possible education services to the youngsters of Berlin in spite of the financial difficulties that are besieging us.

DEVELOPMENT DEPARTMENT

Respectfully submitted by,

DENNIS M. COTE'
Development Director

The Development Department is responsible for planning and economic development for the City. Both these activities have been made difficult by the uncertainty brought about by what some have called the severest recession since the 1930s. New England has been one of the hardest hit regions of the country with New Hampshire alone losing some 60,000 jobs between 1989 and 1992.

The local economy has been further constrained by restructuring in the pulp and paper industry, long the predominant source of jobs and tax base for the City. The James River Corporation at Berlin-Gorham, like much of the industry elsewhere is attempting to meet increasingly competitive cost standards while at the same time conforming to tougher environmental criteria.

The Development Department continues to staff three boards. The Planning Board, BIDPA, and BEDCO, a private, non-profit local development corporation have in the face of these difficult times responded to the challenge by providing vision to both the threats and opportunities.

Mindful of the community's past accomplishments and current needs the **Master Plan** was presented to the public as a blueprint to address and direct

future change in Berlin.

Similarly, BEDCO through grants from the U. S. Forest Service and Farmers' Home Administration engaged a team of consultants to assess the development potentials in the central business district. The public participation component of **heritage based downtown redevelopment program** generated active participation from 160 Berlin residents and business owners. The next phase of heritage based downtown redevelopment will be actual implementation.

The Planning Board has implemented another recommendation of the Master Plan through its extension and adoption of **Site Plan Review** to industrial and commercial developments. The Site Plan Review Regulations recognize the scarcity and importance of Berlin's remaining development sites. The Site Plan Review process, already widely used throughout New Hampshire is another tool that will allow Berlin to position itself for a better future.

The City's effort to diversify its industrial base has been greatly aided by a grant to BEDCO from the U. S. Forest Service. The City's unique assets continue to be conveyed to small to medium size Canadian firms.

The office is located next to City Hall on the second floor of the Sheridan Building (164 Main Street). In addition to staffing the Planning Board, BIDPA, and BEDCO, the office functions in the area of federal and state grants procurement for community development. Staff in conjunction with Recreation and Parks Department provides support to the Berlin Tree Commission. Staff also serves as a resource to

Berlin residents with questions related to economic and community development.

Berlin City Planning Board

There has been a Planning Board in Berlin since the 1930's. There are twelve members and six associates. Members are appointed by the City Council for three year terms. The Planning Board meets on the first Thursday of every month to consider land use issues and other areas of concern related to the development of the community. Its major regulatory responsibility is reviewing new subdivisions and site plan review for major commercial and institutional developments.

Berlin Industrial Development and Park Authority (BIDPA)

The BIDPA's main function is to encourage industrial development through the provision of adequate industrial land and facilities. This City Board has 16 members who are appointed by the City Council. Its primary industrial project is the Maynesboro Industrial Park.

Berlin Economic Development Council, Inc. (BEDCO)

BEDCO was started in 1979 as a private nonprofit corporation to assist in the financing of business activities within the City. It makes loans for both existing business expansion as well as new businesses. It operates through the Development Department staff and two separate loan making boards, the Downtown Loan Administration Board and the Industrial Loan Administration Board.

For this fiscal year, one billion, four hundred fourteen million, eight hundred twelve thousand gallons of water were consumed by Berlin's water distribution system. This is 41,666,000 gallons more than the previous report period. The increase is due to several large water main breaks which occurred during this period. The largest water main rupture occurred on election day February 18, 1992 when the sixteen inch transmission main broke at the bottom of the filter plant road located off Jericho Road. A ten inch water main installed in 1892, which crosses the Androscoggin River just upstream of the Bridge Street pedestrian bridge, ruptured in January. The water main crossing was isolated by shutting valves on both sides of the river. Underwater investigation and repair was scheduled for the summer months. Other major water line breaks occurred on Route 16, Hutchins Street and East Mason Street. Numerous breaks occurred on two inch water mains throughout the City.

For the calendar year 1992, Water Commissioners approved the expenditures of \$979,300 for operations and \$124,800 for Water Bond Debt payment. The last scheduled payment on the 1976 Water Bond Debt is due on September 1, 1995.

With assistance from the Governor's Energy Office, two energy conservation measures were implemented to reduce oil usage at our 55 Willow Street building. All exterior walls of the garage at street level were insulated. Hot water heating system pipes were insulated.

Two inch water line replacement was performed on Williams Street from Wentworth Avenue to Gordon Avenue and on lower Glen Avenue adjacent to Route 16, between two private driveways.

Sill foundation supports for the Ramsay Hill wood constructed water storage tank were replaced by Water Works employees.

In March, the Board of Water Commission was notified by the State of New Hampshire, Department of Environmental Services, Water Supply Engineering Bureau that they would require an evaluation report for each surface water supply in our supply system. The report must evaluate the capability of the existing treatment facilities to meet the standards set by the EPA for performance, monitoring and reporting per requirement of the surface water treatment rule which becomes effective on June 29, 1993. The report must be prepared by a registered professional engineer. To comply with this requirement, the Board of Commissioners interviewed four engineering firms during May and June.

To comply with the EPA's lead and copper rule, the Water Works implemented a plan to collect 60 water samples to be tested by the State for lead and copper content.

The Board approved a 25% increase in metered and flat rate water consumption and a 50% decrease in assessment charge effective with the July 1, 1992 water bill.

Our annual running water program was started on January

BERLIN WATER WORKS

Respectfully submitted by,

**ALBIN JOHNSON, PE
Superintendent &
Chief Engineer**

2, 1992 and was stopped on April 27, 1992. Berlin Water Works personnel responded to 99 customer calls due to frozen pipes during this period. This is a major increase when compared to 14 customer calls for the previous period.

A proclamation to honor National Drinking Water Week (May 3 - 9) was signed by Mayor Leo G. Ouellet. Open house at the East Milan Road Water Treatment Facility was held during this week with several guided tours provided by water treatment plant operators. Under the supervision of the City Tree Warden, Oscar Hamlin, local students touring the facility were invited to participate in a tree planting ceremony to show the importance between water and trees.

Employee Benoit J. Ouellette retired on November 1, 1991 after working 33 years for the Water Works.

CITY OF BERLIN

GENERAL PURPOSE FINANCIAL STATEMENTS
AND SUPPORTING SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 1992

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INDEPENDENT AUDITOR'S REPORT

August 14, 1992

Honorable Mayor, City Council and Manager
City of Berlin, New Hampshire

We have audited the accompanying general purpose financial statements of the City of Berlin, New Hampshire as of and for the fiscal year ended June 30, 1992 as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Home Health Care which represents 57 percent and 54 percent respectively, of the assets and revenues of the Special Revenue Fund. Those statements were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for Home Health Care, is based solely on the report of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities and Functions issued by the U.S. General Accounting Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

The general purpose financial statements referred to above do not include the financial statements of the Berlin Water Works and the Public Works Pensions Trust which should be included to conform with generally accepted accounting principles. The Berlin Water Works and Public Works Pension Trust (component units of the City) utilize different year ends. As a result, required disclosures of assets, liabilities, revenues and expenditures are not available.

The City has not maintained a complete record of its general fixed assets as required by generally accepted accounting principles. Accordingly, a statement of general fixed assets is not included in the financial statements. The amounts that should be recorded as general fixed assets are not known.

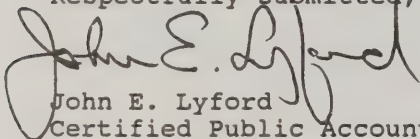
City of Berlin

August 14, 1992

In our opinion, based on our audit and the report of other auditors, except for the effects of the matters discussed in the third and fourth paragraphs, the combined financial statements referred to above present fairly in all material respects, the financial position of the City of Berlin, New Hampshire as at June 30, 1992 and the results of its operations and cash flows of its proprietary fund types for the fiscal year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying combining and individual fund financial statements and schedule of Federal Financial Assistance listed as supporting schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the combined financial statements of the City of Berlin, New Hampshire. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "John E. Lyford", is written over the printed name.

John E. Lyford
Certified Public Accountant
MASON & RICH PROFESSIONAL ASSOCIATION
Accountants and Auditors

CITY OF BERLIN, NEW HAMPSHIRE
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1992

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types	Account Group	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	Trust and Agency			
ASSETS								
Cash	\$4,547,211	\$1,219	\$ -	\$ -	\$68,774	\$ -		\$4,617,204
Temporary Investments	100,000	-	-	-	349,658	-		449,658
Taxes Receivable (Note 2)	3,796,173	-	-	-	-	-		3,796,173
Accounts Receivable	61,883	1,789	-	135,137	-	367		199,176
Due from Other Governments (Note 3)	1,085,824	138,137	19,233	-	-	-		1,243,194
Due from Other Funds (Note 9)	359,259	154,311	1,622,170	1,068,747	344	-		3,204,831
Inventory: Food/Supplies	-	11,079	-	13,634	-	-		24,713
Donated Commodities	-	4,797	-	-	-	-		4,797
Prepaid Expenses	26,597	-	-	-	-	-		26,597
Restricted Assets	-	21,101	-	-	-	-		21,101
Net Investment in Direct Financing Leases (Note 7)	-	-	-	246,220	-	-		246,220
Investment Property	-	-	-	192,794	-	-		192,794
Fixed Assets (Note 6)	-	-	-	25,574,494	-	-		25,574,494
Amount to be Provided for Sick Pay	-	-	-	-	-	-	1,399,964	1,399,964
Amount to be Provided from State of New Hampshire-Pollution Control	-	-	-	-	-	-	2,108,855	2,108,855
Amount to be Provided for Retirement of Long-Term Debt	-	-	-	-	-	-	5,173,645	5,173,645
TOTAL ASSETS	<u>\$9,976,947</u>	<u>\$332,433</u>	<u>\$1,641,403</u>	<u>\$27,231,026</u>	<u>\$419,143</u>	<u>\$8,682,464</u>	<u>\$48,283,416</u>	

(Continued)

The Accompanying Notes are an Integral Part of This Financial Statement

CITY OF BERLIN, NEW HAMPSHIRE
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1992

	Governmental Fund Types			Proprietary	Fiduciary	Account		Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	Agency	Fund Types		
						General	Long-Term Debt	
LIABILITIES AND FUND BALANCE								
Liabilities								
Accounts Payable	\$523,953	\$1,630	\$ -	\$23,631	\$ -	\$ -	\$ -	\$549,214
Retainage Payable	-	-	5,112	-	-	-	-	5,112
Accrued Liabilities	201,952	18,784	-	44,104	-	-	-	264,840
Deferred Revenues	5,837,142	55,929	-	-	-	-	-	5,893,071
Due to Other Funds (Note 9)	2,831,450	92,749	271,437	6	-	-	-	3,195,642
Accrued Sick Pay	-	-	-	-	-	1,399,964	-	1,399,964
Due to Specific Individual and/or Groups	-	-	-	-	56,342	-	-	56,342
Notes Payable (Note 5)	-	-	-	682,369	-	-	-	682,369
Bonds Payable (Note 4)	-	-	-	150,000	-	-	-	7,432,500
Total Liabilities	9,394,497	169,092	276,549	900,110	56,342	7,282,500	-	19,479,054
Fund Equity								
Contributed Capital	-	-	-	25,791,614	-	-	-	25,791,614
Retained Earnings	-	-	-	539,302	-	-	-	539,302
Fund Balances:								
Reserved for Encumbrances	262,373	82	-	-	-	-	-	262,455
Reserved for Prepaid Expenditures	26,597	-	-	-	-	-	-	26,597
Reserved by Trust Instruments	-	-	-	-	115,478	-	-	115,478
Unreserved:								
Designated by Trust Instruments	-	-	-	-	247,323	-	-	247,323
Designated for Specific Capital Projects	-	-	1,622,170	-	-	-	-	1,622,170
Designated for Specific Purposes	-	74,489	-	-	-	-	-	74,489
Undesignated (Deficit)	293,480	88,770	(257,316)	-	-	-	-	124,934
Total Fund Equity	582,450	163,341	1,364,854	26,330,916	362,801	-	-	28,804,362
TOTAL LIABILITIES AND FUND EQUITY								
	\$9,976,947	\$332,433	\$1,641,403	\$27,231,026	\$419,143	\$8,682,464		\$48,283,416

The Accompanying Notes are an Integral Part of This Financial Statement

CITY OF BERLIN, NEW HAMPSHIRE
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1992

	Governmental				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
<u>Revenues</u>					
Taxes	\$10,350,401	\$ -	\$ -	-	\$10,350,401
Licenses and Permits	747,014	-	-	-	747,014
Intergovernmental	3,966,243	1,608,090	619,522	-	6,193,855
Charges for Services	938,297	324,066	-	-	1,262,363
Interest and Dividends	172,606	-	35,537	8,139	216,282
Contributions	-	22,893	-	-	22,893
Other	228,075	37,172	840,891	-	1,106,138
Total Revenues	16,402,636	1,992,221	1,495,950	8,139	19,898,946
<u>Expenditures</u>					
Current:					
General Government	3,203,071	543,814	178,081	-	3,924,966
Public Safety	2,295,946	-	-	-	2,295,946
Highways and Streets	1,342,886	-	-	-	1,342,886
Health and Welfare	359,376	1,039,623	-	4,820	1,403,819
Parks and Recreation	299,180	-	-	-	299,180
Education	7,292,217	453,110	-	-	7,745,327
Capital Outlay	942,692	-	94,422	-	1,037,114
Debt Service	1,418,381	-	-	-	1,418,381
Total Expenditures	17,153,749	2,036,547	272,503	4,820	19,467,619
Excess (Deficiency) of Revenues Over Expenditures	(\$751,113)	(\$44,326)	\$1,223,447	\$3,319	\$431,327

(Continued)

The Accompanying Notes are an Integral Part of This Financial Statement

CITY OF BERLIN, NEW HAMPSHIRE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1992

	Governmental				Totals
	General	Special Revenue	Capital Projects	Expendable Trust	(Memorandum Only)
Other Financing Sources (Uses)					
Operating Transfers In	\$ -	\$37,452	\$ -	\$ -	\$37,452
Operating Transfers (Out)	(37,452)	(248,974)	-	-	(286,426)
Total Other Financing Sources (Uses)	(37,452)	(211,522)	-	-	(248,974)
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	(788,565)	(255,848)	1,223,447	3,319	182,353
Fund Balances at Beginning of Year	1,371,015	419,189	141,407	80,680	2,012,291
Fund Balances at End of Year	\$582,450	\$163,341	\$1,364,854	\$83,999	\$2,194,644

The Accompanying Notes are an Integral Part of This Financial Statement

Exhibit C

CITY OF BERLIN, NEW HAMPSHIRE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1992

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>						
Taxes	\$10,113,210	\$10,229,188	\$115,978	\$ -	\$ -	\$ -
Licenses and Permits	713,200	747,014	33,814	-	-	-
Intergovernmental	3,946,290	3,966,243	19,953	388,556	576,915	188,359
Charges for Services	992,492	938,297	(54,195)	310,000	313,526	3,526
Interest and Dividends	145,533	172,606	27,073	-	-	-
Other	117,250	228,075	110,825	-	-	-
Total Revenues	16,027,975	16,281,423	253,448	698,556	890,441	191,885
<u>Expenditures</u>						
Current:						
General Government	3,388,140	3,203,071	185,069	347,452	454,139	(106,687)
Public Safety	2,382,877	2,295,946	86,931	-	-	-
Highways and Streets	1,397,558	1,342,886	54,672	-	-	-
Health and Welfare	362,944	359,376	3,568	-	-	-
Parks and Recreation	287,196	299,180	(11,984)	-	-	-
Education	7,294,520	7,292,217	2,303	388,556	453,110	(64,554)
Capital Outlay	1,495,425	942,692	552,733	-	-	-
Debt Service	1,420,892	1,418,381	2,511	-	-	-
Total Expenditures	18,029,552	17,153,749	875,803	736,008	907,249	(171,241)
Excess (Deficiency) of Revenues Over Expenditures	(\$2,001,577)	(\$872,326)	\$1,129,251	(\$37,452)	(\$16,808)	\$20,644

(Continued)

The Accompanying Notes are an Integral Part of This Financial Statement

Exhibit C
(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1992

	General Fund		Special Revenue Funds	
	Budget	Actual	Variance Favorable (Unfavorable)	Variance Favorable (Unfavorable)
Other Financing Sources (Uses)				
Operating Transfers In	\$ -	\$ -	\$ -	\$ -
Operating Transfers (Out)	(37,452)	(37,452)	-	-
Total Other Financing Sources (Uses)	(\$37,452)	(\$37,452)	-	-
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses) (Budgetary Basis) (Note 1)	(2,039,029)	(909,778)	1,129,251	20,644
Adjustments:				
To Adjust Revenues for Deferred Property Taxes	-	121,213	121,213	-
Non Budgeted Special Revenue Funds Not Included in Adopted Budget	-	-	-	(276,492)
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses) (GAAP Basis)	(2,039,029)	(788,565)	1,250,464	(255,848)
Fund Balance at Beginning of Year	1,371,015	1,371,015	-	-
Fund Balance at End of Year	(\$668,014)	\$582,450	\$1,250,464	(\$255,848)

This statement presents comparisons of the legally adopted budget (more fully described in Note 1) with actual data on budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, timing, perspective and entity differences in the excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources for the year is presented.

The Accompanying Notes are an Integral Part of This Financial Statement

CITY OF BERLIN, NEW HAMPSHIRE
 COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
 RETAINED EARNINGS/FUND BALANCE
 ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1992

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise Funds	Non- expendable Trust	
<u>Operating Revenues</u>			
Charges for Services	\$777,260	\$ -	\$777,260
Rent and Royalties	185,786	-	185,786
Interest and Dividends	-	16,146	16,146
Contributions	-	2,600	2,600
Total Operating Revenues	<u>963,046</u>	<u>18,746</u>	<u>981,792</u>
<u>Operating Expenses</u>			
General Government	15,758	-	15,758
Salaries and Wages	362,286	-	362,286
Repairs and Maintenance	17,717	-	17,717
Materials and Supplies	58,599	-	58,599
Administrative	71,261	4,715	75,976
Utilities	110,624	-	110,624
Depreciation (Note 1)	686,478	-	686,478
Total Operating Expenses	<u>1,322,723</u>	<u>4,715</u>	<u>1,327,438</u>
Operating Income (Loss)	<u>(359,677)</u>	<u>14,031</u>	<u>(345,646)</u>
<u>Non-Operating Revenues (Expenses)</u>			
Interest: Revenue	41,611	-	41,611
Expense	<u>(75,518)</u>	<u>-</u>	<u>(75,518)</u>
Total Non-Operating Revenues (Expenses)	<u>(33,907)</u>	<u>-</u>	<u>(33,907)</u>
Net Income (Loss) Before Operating Transfers	<u>(393,584)</u>	<u>14,031</u>	<u>(379,553)</u>
<u>Operating Transfers In</u>	<u>248,974</u>	<u>-</u>	<u>248,974</u>
<u>Other Changes in Retained Earnings/ Fund Balance</u>			
Credit From Transfer of Depreciation on Treatment Plant Assets Acquired by Grants Externally Restricted for Capital Acquisitions to Contributed Capital	<u>528,485</u>	<u>-</u>	<u>528,485</u>
Net Increase (Decrease) in Retained Earnings/ Fund Balance	<u>383,875</u>	<u>14,031</u>	<u>397,906</u>
Retained Earnings (Deficit)/ Fund Balance at Beginning of Year	<u>155,427</u>	<u>264,771</u>	<u>420,198</u>
Retained Earnings (Deficit)/ Fund Balance at End of Year	<u>\$539,302</u>	<u>\$278,802</u>	<u>\$818,104</u>

The Accompanying Notes are an Integral Part of This Financial Statement

CITY OF BERLIN, NEW HAMPSHIRE
 COMBINED STATEMENTS OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1992

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise Funds	Non- expendable Trust	(Memorandum Only)
<u>Cash Flows From Operating Activities</u>			
Net Operating Income (Loss) - Exhibit D	(\$359,677)	\$14,031	(\$345,646)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	686,478	-	686,478
Interest/Dividends From Investing Activities	-	(23,552)	(23,552)
Change in Operating Assets and Liabilities			
(Increase) Decrease in Operating Assets:			
Accounts Receivable	86,808	-	86,808
Inventories	(2,268)	-	(2,268)
Due From Other Funds	(520,991)	-	(520,991)
Increase (Decrease) in Operating Liabilities:			
Accounts Payable	12,238	-	12,238
Due To Other Funds	6	-	6
Accrued and Other Liabilities	(2,659)	-	(2,659)
Total Adjustments	259,612	(23,552)	236,060
Net Cash Provided (Used) by Operating Activities	(100,065)	(9,521)	(109,586)
<u>Cash Flows From Noncapital Financing Activities</u>			
Operating Transfers In From Other Funds	248,974	-	248,974
Net Cash Provided (Used) by Noncapital Financing Activities	248,974	-	248,974
<u>Cash Flows From Capital and Related Financing Activities</u>			
Proceeds From Direct Financing Lease	43,840	-	43,840
Principal Paid on Bonds/Notes	(90,183)	-	(90,183)
Interest Paid on Bonds/Notes	(75,518)	-	(75,518)
Acquisition of Plant and Equipment	(68,659)	-	(68,659)
Net Cash Provided (Used) for Capital and Related Financing Activities	(190,520)	-	(190,520)
<u>Cash Flows From Investing Activities</u>			
Interest on Investments	41,611	23,552	65,163
Increase (Decrease) in Cash and Cash Equivalents	-	14,031	14,031
Cash and Cash Equivalents, Beginning of Year	-	264,771	264,771
Cash and Cash Equivalents, End of Year	\$ -	\$278,802	\$278,802

The Accompanying Notes are an Integral Part of This Financial Statement

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Berlin, New Hampshire (the City) was incorporated in 1829 under the laws of the State of New Hampshire. The City operates under a Council-Mayor form of government, under the direct management of an appointed City Manager and provides services as authorized by its charter.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The accompanying financial statements include the transactions of all funds and account groups of the city and other governmental organizations over which the City's elected officials (City Council) exercise oversight responsibility in accordance with the criteria set forth in the National Council on Governmental Accounting (NCGA) Statement No. 3 except for the Berlin Water Works and Public Works Pension Trust (see Note 15). The funds are established under the authority of the City charter and their operations are reflected in these financial statements are those under the control of the City Council. The account groups are those required by financial reporting standards for governmental units. (See Note 14)

B. Basis of Presentation

I. FUND ACCOUNTING

The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. The various funds are grouped in the financial statements in this report into five general fund types and three broad fund categories as follows:

GOVERNMENTAL FUNDS

- 1) General Fund - The General Fund is the general operating fund of the City. All property tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. from the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid through other funds.

The General Fund provides police and fire protection, street maintenance, plowing and lighting, schools, park and playground maintenance planning and zoning, general administration.

- 2) Special Revenue Funds - Special Revenue Funds are used to account for the proceeds or specific revenue sources (other than special assessments, expendable trust or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative actions.
- 3) Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by enterprise operations and trust funds.

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

PROPRIETARY FUNDS

- 4) Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis to be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

FIDUCIARY FUNDS

- (5) Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include Expendable Trust, Nonexpendable Trust and Agency Funds.

Nonexpendable Trust Funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Agency Funds are custodial in nature (assets equals liabilities) and do not involve measurement of results of operations.

II. ACCOUNT GROUPS - FIXED ASSETS AND LONG-TERM LIABILITIES

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds and expendable trust funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increase (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

General Fixed Assets Account Group - General fixed assets have been acquired for general governmental purposes and have been recorded as expenditures in the fund making the expenditure. These expenditures are required to be capitalized at historical cost in a General Fixed Asset Group of Accounts for accountability purposes. In accordance with the practices followed by many other municipal entities in the State, the City does not maintain a record of its general fixed assets and accordingly, a statement of general fixed assets, required by generally accepted accounting principles, is not included in these financial statements.

General Long-Term Debt Account Group - Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

Noncurrent portions of long-term receivables due to governmental funds are, when applicable, reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, they should not be considered "available spendable resources", since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables is deferred until they become current receivables. (Note 2).

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

The proprietary funds and nonexpendable trust funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

<u>Sewer Fund</u>	
Sewer System	50 Years
Equipment	3 to 10 Years
<u>Industrial Development and Park Authority</u>	
Plant and Equipment	30 Years

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

Tax revenues are recognized in the year for which taxes have been levied to the extent that they become available, i.e., due or receivable within the current fiscal year and collected within the current period or within 60 days of year end.

Licenses and permits, charges for services and other revenues are recorded as revenues when received in cash as they are generally not measurable until actually received. Investment earnings are recorded as earned if they are both measurable and available.

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

In applying the susceptible to accrual concept to intergovernmental revenues (grant, subsidies and shared revenues), the legal and contractual requirements of the numerous individual programs are used as a guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to the purpose of expenditure and nearly irrevocable, i.e., revocable only for failure to comply with prescribed compliance requirements, e.g., equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the criterion of availability.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) principal and interest on general long-term debt which is recognized when due and (2) inventories of one Special Revenue Fund.

All proprietary funds and nonexpendable trust funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. The Sewer Fund does not accrue estimated unbilled services at the end of the year with respect to services provided but not billed at year end as the amount is not reasonably determinable.

D. Budgets and Budgetary Accounting

The City observes the following procedures in establishing the budgetary data reflected in the financial statements:

1. At such time as may be requested by the City Manager or specified by the administrative code, each director of a department submits an itemized estimate of the expenditures for the next fiscal year for the departments or activities under his control. The Manager submits the proposed budget to the Council at least ninety days before the start of the fiscal year which begins July 1.
2. A public hearing on the budget is held before its final adoption by the Council. Notice of the public hearing together with a summary of the budget as submitted is published at least one week in advance by the City Clerk. The School Board be required to conduct a public hearing on their proposed budget at least two weeks before their budget submission to the City Manager.
3. The budget must be legally adopted no later than ten days before the beginning of the fiscal year. Should the Council take no final action on or prior to that date, the budget as submitted at the public hearing is deemed to have been finally adopted by the Council.
4. Adding or increasing an appropriation requires a vote by two-thirds majority of the Council. The Council may, by resolution designate the source of any money so appropriated. A simple majority of the Council is necessary to reduce an appropriation.

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

5. At the beginning of each quarterly period during the fiscal year and more often if required by the Council, the City Manager submits to the Council data showing the relation between the estimated and actual income and expense to date and if it appears that the income is less than anticipated, the Council or City Manager may reduce the appropriation for any item or items, except amounts required for debt and interest charges, to such a degree as may be necessary to keep expenditures within the cash income. The City Manager may provide for monthly or quarterly allotments of appropriations to departments, funds or agencies under such rules as he may prescribe.
6. After the budget has been adopted, no expenditures may be incurred, except pursuant to a budget appropriation unless there is a specific additional appropriation therefore. The head of any department, with the approval of the manager, may transfer any unencumbered balance or any portion thereof from one fund or agency within his department to another fund or agency within his department; the manager with the approval of the council, may transfer any unencumbered appropriation balance or any portion thereof from one department to another.
7. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds (School Federal Projects, School Food Service and Airport Authority).
8. The City legally adopts one inclusive budget for the General and Special Revenue Funds. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP), except for (a) property tax revenues which are budgeted in the year of levy and (b) overlay for abatements which is budgeted as an expenditure.
9. Budget amounts as presented in the financial statements, are as originally adopted plus approved appropriations carried forward and encumbrances at June 30, 1991 of \$938,799.
10. Budget appropriations lapse at the end of the fiscal year except for any appropriations carried forward that are approved by City Council.

E. Deposits and Temporary Investments

Deposits

Deposits are carried at cost plus interest earned to year end. The carrying amount of deposits is separately displayed on the balance sheet as "Cash".

Cash balances from all funds (except Trust and Agency) are combined and invested to the extent available in certificates of deposit. Earnings from these investments are allocated annually to each fund based on year end balances of cash and temporary investments.

At year end, the carrying amount of the City's deposits was \$5,087,963 and the bank balance was \$5,239,017. Of the balance, \$5,239,017 was covered by Federal depository insurance or collateralized and none was uninsured and uncollateralized.

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

Property taxes are due by December 1. At the time of tax lien in April of the next year, a lien is recorded on the property at the Register of Deeds. The lien is a priority tax lien which accrues interest at the rate of 18% per annum. If the property taxes (redemptions) are not paid within two years of the tax lien date, then the property is conveyed to the City by Tax Collector's deed and subsequently sold at public sale.

The City annually budgets, following New Hampshire budget procedures, an expenditure account (overlay for abatements) for resident and property tax abatements and refunds. All abatements and refunds are charged to overlay and included in general government expenditures of the General Fund for budgetary reporting purposes and netted against revenues for GAAP reporting purposes.

The tax rate for the year ended June 30, 1992 was \$49.00; \$23.44 City, \$4.41 County and \$21.15 School Department.

Taxes receivable are net of allowance for doubtful accounts of \$30,558 which represents resident taxes receivable for prior years.

The State Department of Revenue Administration annually determines the amount of property tax revenue to be levied by the City and the amount of General Fund undesignated fund balance from the prior fiscal year to be applied to reduce the property tax rate. As the State considers property tax revenue to be available in the fiscal year levied, the amount of undesignated fund balance available to reduce the tax rate for 1992-93 fiscal year is:

Total Undesignated Fund Balance - General Fund (Exhibit A)	\$ 293,480
Add: Deferred Revenue - Current Year Levy and Prior Year Redemptions not Collected Within 60 Days of Fiscal Year End	<u>819,034</u>
Total Available to Reduce the Tax Rate	<u>\$1,112,514</u>
Taxes receivable are comprised of:	
<u>Property Taxes:</u>	
Levy of 1992 (First Half Billing)	\$2,703,107
<u>Tax Liens:</u>	
Levy of 1991	619,704
Levy of 1990	349,547
Levy of 1989	28,710
<u>Other Taxes</u>	<u>95,105</u>
Total	<u>\$3,796,173</u>

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 3 - DUE FROM OTHER GOVERNMENTS

Grants and other miscellaneous receivables due from other governments include:

General Fund

State Shared Revenues	\$ 761,327
State Aid Water Pollution Projects	21,966
Other School Districts - Tuition	260,237
State of New Hampshire - Land and Water Conservation Fund Grant	35,000
State of New Hampshire - Police Department	<u>7,294</u>
Total	<u>1,085,824</u>

Special Revenue Funds

Community Development - Wellhead Protection Grant - EPA - Reimbursement of Grant Expenditures	15,515
School Federal Projects - New Hampshire Department of Education Reimbursement of Grant Expenditures	43,493
School Food Service - New Hampshire Department of Education (Food and Nutrition)	18,677
Home Health Care - State of New Hampshire - Reimbursement of Grant Expenditures	<u>60,452</u>
Total	<u>138,137</u>

Capital Projects Funds

Hazardous Beacon - Grant - FAA - Reimbursement of Grant Expenditures	<u>19,233</u>
Total	<u>\$1,243,194</u>

NOTE 4 - CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year:

Payable, Beginning	\$9,528,672
New Bonds Issued	-
Bonds Retired	(852,500)
Net Change in Employee Benefits Payable	<u>156,292</u>
Payable, Ending	<u>\$8,832,464</u>

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

Bonds and notes payable are comprised of the following issues:

GENERAL OBLIGATION BONDS

<u>\$1,000,000</u> - School Bonds due in annual installments of \$100,000 through February 1995; interest at 8.1%	\$ 300,000
<u>\$3,200,000</u> - Sewer Construction Bonds due in annual installments of \$95,000 to \$300,000 through July 2004; interest at 8.214% principal and interest are guaranteed by the State of New Hampshire.	2,535,000
<u>\$4,540,000</u> - Sewer Construction Bonds due in annual installments of \$225,000 through May 1998; interest at 5.2% principal and interest are guaranteed by the State of New Hampshire.	1,350,000
<u>\$1,200,000</u> - Sewer Constructions bonds due in annual installments of \$80,000 through July 2002; interest at 5.4% to 8.1% principal and interest are guaranteed by the State of New Hampshire.	880,000
<u>\$435,000</u> - Water Construction Bonds due in annual installments of \$30,000 through June 2002; interest at 5.65% to 7.6% principal and interest are guaranteed by the State of New Hampshire.	315,000
<u>\$1,450,000</u> - Sewer Construction Bonds due in annual installments of \$100,000 through January 2003; interest at 5.75% to 7.75% principal and interest are guaranteed by the State of New Hampshire.	1,050,000
<u>\$1,150,000</u> - Improvements Bonds, due in annual installments of \$115,000 through January 1999; interest averages 5.67%.	805,000
<u>\$190,000</u> - Street Relamping Bonds payable in annual installments of \$47,500 through March 1993; interest at 6.88%	<u>47,500</u>
Total General Long-Term Debt Account Group	7,282,500

INDUSTRIAL DEVELOPMENT AND PARK AUTHORITY

<u>\$450,000</u> - Industrial Authority Bonds due in annual installments of \$25,000 to \$40,000 through 1995 interest at 8%.	<u>150,000</u>
Total Bonds Payable (Exhibit A)	<u>\$7,432,500</u>

The debt service requirements of the City's outstanding bonds are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1993	\$ 867,500	\$ 548,468	\$ 1,415,968
1994	830,000	487,664	1,317,664
1995	845,000	428,831	1,273,831
1996	755,000	367,725	1,122,725
1997	<u>730,000</u>	<u>315,076</u>	<u>1,045,076</u>
Subtotal	4,027,500	2,147,764	6,175,264
1998 and Thereafter	<u>3,405,000</u>	<u>892,898</u>	<u>4,297,898</u>
Total	<u>\$ 7,432,500</u>	<u>\$ 3,040,662</u>	<u>\$10,473,162</u>

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

The New Hampshire Water Supply and Pollution Control Commission annually reimburses the City for a portion of the principal and interest payments on Sewer bonds. The reimbursement is based upon the amount of the State's participation in the original sewer project.

The total amount due from the State in future years amount to \$2,912,024 as follows:

<u>REIMBURSEMENT FOR</u>			
<u>Fiscal year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1993	\$ 209,450	\$ 137,784	\$ 347,234
1994	211,524	125,632	337,156
1995	215,671	113,224	328,895
1996	221,891	100,112	322,003
1997	<u>228,112</u>	<u>86,493</u>	<u>314,605</u>
Subtotal	1,086,648	563,245	1,649,893
1998 and Thereafter	<u>1,022,207</u>	<u>239,924</u>	<u>1,262,131</u>
Total	<u>\$2,108,855</u>	<u>\$ 803,169</u>	<u>\$2,912,024</u>

Under state law, the City is required to issue general obligation debt for the Berlin Water Works (a component unit of the City).

The following general obligation bonds bear the full faith and credit of the City but it is the intention of the Berlin Water Works to pay principal and interest on these bonds. These bonds are recognized as a liability of the Berlin Water Works and are not recorded in the general long-term debt account group.

<u>\$1,770,000</u> - Water Works Public Improvement Bonds due in annual installment of \$100,000 through September 1995; interest at 6.2%.	<u>\$400,000</u>
--	------------------

NOTE 5 - NOTES PAYABLE

The Berlin Industrial Development and Park Authority is directly liable in the amount of \$682,369 to various banks. The proceeds of the notes were used to construct buildings and improvements at the Industrial Park. Notes payable at year end are as follows:

Note payable to Bank, due in monthly installments of \$2,872 including interest at 1.5% over the prime rate, final payment due January 2019, secured by land and building.	\$ 284,978
Note payable to Bank, due in monthly installments of \$5,768 including interest at 1.5% below the prime rate, final payment due July 1996, secured by land and building.	217,876
Note payable to Berlin Industrial Development Corporation, due in monthly installments of \$1,500 including interest at 6.0% final payment due October 2007, secured by land and building.	<u>179,515</u>
Total	<u>\$ 682,369</u>

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

Debt service requirements are as follows:

<u>Fiscal Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1993	\$ 69,372	\$ 48,764	\$118,136
1994	74,622	43,513	118,135
1995	80,275	37,861	118,136
1996	67,536	31,913	99,449
1997	<u>22,238</u>	<u>29,909</u>	<u>52,147</u>
Subtotal	314,043	191,960	506,003
Thereafter	<u>368,326</u>	<u>163,884</u>	<u>532,210</u>
Total	<u>\$ 682,369</u>	<u>\$ 355,844</u>	<u>\$1,038,213</u>

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

Enterprise Funds

Property, plant and equipment owned by the Enterprise Funds are stated at cost.

The following is a summary of property, plant and equipment:

	<u>Sewer</u>	<u>Industrial Park Authority</u>	<u>Total</u>
Sewer System	\$31,624,951	-	\$31,624,951
Land	22,663	-	22,663
Buildings and Land	-	1,269,739	1,269,739
Vehicles and Equipment	<u>93,697</u>	<u>-</u>	<u>93,697</u>
Total	31,741,311	1,269,739	33,011,050
Less: Accumulated Depreciation	<u>(7,172,290)</u>	<u>(264,266)</u>	<u>(7,436,556)</u>
Net	<u>\$24,569,021</u>	<u>\$1,005,473</u>	<u>\$25,574,494</u>

Depreciation recognized on fixed assets acquired through intergovernmental grants has been closed to Contributed Capital: Intergovernmental.

NOTE 7 - INDUSTRIAL DEVELOPMENT AND PARK AUTHORITY - DIRECT FINANCING LEASE

The Industrial Development and Park Authority (the Authority) was established July 15, 1974 pursuant to Chapter 26 of the Laws of 1974. The Authority was reestablished on September 15, 1975 under the provisions of RSA 162-G for the purpose of acquisition, development, lease and disposal of industrial land and facilities.

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

Investment property is carried at cost. The investment property is being held for sale and accordingly, depreciation has not been provided. Rental income may be received until the property is sold. Land and buildings represent property held for rental purposes. The buildings are being depreciated on the straight line method over a thirty year life. All repairs and improvements are the responsibility of the Authority.

The Authority has entered into a long-term lease with a bargain purchase option at the end of the lease term for building and land and this lease has been accounted for as direct financing lease. The minimum lease payments to be received by the Authority under the capital lease are as follows:

Fiscal Year Ended June 30	
1993	\$ 63,162
1994	63,162
1995	63,162
1996	63,162
Subsequent	<u>31,577</u>
Subtotal	284,225
Less: Unearned Income	<u>(38,005)</u>
Net Investment in Direct Financing Lease	<u>\$246,220</u>

NOTE 8 - RESERVES AND DESIGNATIONS OF FUND EQUITY

The City has set up "reserves" of fund equity to segregate fund balances which are not available for expenditures in the future or which are legally set aside for a specific future use. Fund "designations" have also been established to indicate tentative plans for future financial utilization.

The City's reserves and designations were as follows:

Reserved for Encumbrances - Encumbrances of fund balances of the General and Special Revenue Funds are carried forward to the subsequent fiscal year. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not yet constitute expenditures or liabilities.

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

General Fund

Carryover Appropriations Approved by City Council	\$171,329
Public Safety:	
Police Department	2,500
Highways and Streets	300
Health and Welfare	3,456
Parks and Recreation:	
SBA Tree Grant	1,390
Capital Outlay	<u>83,398</u>
Total General Fund	262,373

Special Revenue

School Federal Projects	<u>82</u>
Total	<u>\$ 262,455</u>

Reserved by Trust Instruments - The \$115,478 of fund balance reserved by trust instruments represents the principal portion of Nonexpendable Trust Fund fund balance.

Designated by Trust Instrument - The \$247,323 of fund balance designated by trust instruments represents the income portion of Nonexpendable Trust Fund fund balance and Expendable Trust Fund fund balance.

Designated for Specific Capital Projects - Designated for specific capital projects expenditures in future years are as follows:

Wastewater Treatment I	1,222,379
Wastewater Treatment III	254,232
City and School Capital Improvements	<u>145,559</u>
Total	<u>\$1,622,170</u>

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

Designated for Specific Purposes - Designated for future expenditures of that fund are as follows:

Health Department	\$ 2,666
Airport Authority	46,257
Community Development	4,465
Home Health Care	<u>21,101</u>
Total	<u>\$ 74,489</u>

NOTE 9 - INDIVIDUAL FUND INTERFUND RECEIVABLES AND PAYMENTS

The balances at year end were:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$359,259	\$2,831,450
Special Revenue:		
Community Development	-	10,804
Federal Projects	-	42,552
Food Service	-	39,393
Home Health Care	107,121	-
Health Department	2,666	-
Airport Authority	44,524	-
Capital Projects:		
Wastewater Treatment I	1,222,379	-
Wastewater Treatment II	-	257,316
Wastewater Treatment III	254,232	-
City and School Capital Improvements	145,559	-
Hazardous Beacon	-	14,121
Enterprise:		
Sewer	590,648	-
Industrial Park Authority	213,295	-
Courthouse	-	6
Cates Hill Landfill	264,804	-
Fiduciary:		
Home Nursing Expendable Trust	<u>344</u>	<u>-</u>
Totals	<u>\$3,204,831</u>	<u>\$3,195,042</u>

The totals of the due from and due to other funds are not equal because of \$9,189 due from the Berlin Water Works, which is not included in this report.

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 10 - PENSION PLAN

The City provides for pension benefits to substantially all employees through a contributory retirement system under New Hampshire law, a cost sharing multiple-employer public employee retirement system. The retirement system is a state-wide plan and it is mandatory that all full time classified employees of the state, counties, towns and cities become members of the retirement system. A state board of trustees transacts all business of the system including but not limited to, investments and disbursement funds. State law sets the conditions which must be met by employees in order to be eligible for retirement benefits. The payroll for employees covered by the system for the year was \$6,352,191 the City's total payroll was \$9,608,425.

City employees are eligible to retire on a service retirement allowance the first day of any month after their 60th birthday at no reduction. No minimum period of employment is required. The annual retirement benefit received is based on one sixtieth of the average compensation for the three highest paid years times the number of years creditable service. At age sixty-five the benefit is reduced by a portion of Social Security benefits (approximately 10%). The system also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Covered employees are required by State statute to contribute 5.0% (9.3% for police and fire) of their salary to the Plan. The City is required by the same statute to contribute the remaining amounts necessary to pay benefits when due. The contribution requirement for the year was \$545,754 which consisted of \$164,651 from the City and \$381,103 from employees; these contributions represented 2.59% and 5.99% covered payroll respectively.

The amount shown as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure which is "actuarial present value of credited projected benefits", is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among PERS and employers. The System does not make separate measurements of assets and pension benefit obligation for individual employers. The pension benefit obligation at June 30, 1991 for the System as a whole, determined through an actuarial valuation performed as of that date was \$1,098,291,692. The System's net assets available for benefits on the date (valued at market) were \$1,082,008,529, leaving unfunded pension benefits of \$16,283,163. The City's 1991 contribution represented .56% of total contributions required of all participating entities.

Five-year historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's June 30, 1991 annual financial report, the most recent available.

Employees of the Public Works Department and certain recreation department personnel are covered under a City sponsored defined contribution program. Annual cost including amortization of prior service costs is being funded over a 20 year period.

The City's contribution to this plan was \$61,978 for the year ended June 30, 1992. The City's policy is to fund all pension costs accrued. Additional disclosures required by Statement No. 87 of the Financial Accounting Standards Board have not been made as the information is not available.

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 11 - MAJOR TAXPAYERS

The following taxpayers each accounted for at least 5% of the 1991 net assessed property valuation of \$202,697,350.

<u>Taxpayer</u>	<u>Net Assessed Valuation</u>	<u>Percentage of Total Valuation</u>
James River Corporation	\$35,690,100	\$ 17,608
James River Electric, Inc.	11,912,800	5,877

NOTE 12 - BUDGETED DECREASE IN FUND BALANCE

The \$2,039,029 budgeted decrease in General Fund fund balance shown on Exhibit C represents \$954,040 budgeted by the City to reduce the 1991 tax rate, \$938,799 of encumbrances and appropriation carryovers approved by the City Council from fiscal year ended June 30, 1991 and \$146,190 of expenditures budgeted from current year available fund balance.

NOTE 13 - CONTINGENT LIABILITIES - FEDERAL GRANTS

The City participates in the following grant programs:

1. DEPARTMENT OF AGRICULTURE
National School Lunch Program - (Through the New Hampshire Department of Food and Nutrition/Education.)
2. ENVIRONMENTAL PROTECTION AGENCY:
Construction Grants for Wastewater Treatment Works
3. DEPARTMENT OF HEALTH AND HUMAN SERVICES:
Social Services Block Grant
4. DEPARTMENT OF EDUCATION:
(Grants received by the Berlin School District through the New Hampshire Department of Education) - School Federal Projects.

The program compliance audits of these programs for the year ended June 30, 1992 have not yet been reviewed by the grantor agency. Accordingly, the grantor agencies' decision on the City compliance or non-compliance with applicable grant requirements will be established at some future date.

NOTE 14 - REPORTING ENTITY - OVERSIGHT CRITERIA

Oversight responsibility by the City was determined on the basis of selection of governing boards or authorities, appointment of management, budgetary authority, obligation of the City to finance any deficits that may occur, outstanding debts secured by the City and/or significant subsidies from the City. Based upon the foregoing criteria, the financial statements of the following organizations are included in the accompanying financial statements: Berlin Industrial Development Park Authority, Androscoggin Valley Home Health Care, Berlin Airport Authority and Berlin Cemetery Trust funds. The Berlin Water Works and Public Works Pension Trust should be included as part of the reporting entity in accordance with generally accepted accounting standards but the City officials have decided not to include them due to the different fiscal years of the entities.

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains four enterprise funds - a Sewer Fund, an Industrial Development and Park Authority, a Court House and the Cates Hill Landfill. Segment information for the year is as follows:

	<u>Sewer</u>	<u>Industrial Development And Park Authority</u>	<u>Court House</u>	<u>Cates Hill Landfill</u>	<u>Totals</u>
Operating Revenues	\$ 745,225	\$ 185,786	\$ -	\$ 32,035	\$ 963,046
Operating Expenses Before Depreciation	(612,747)	(7,734)	(6)	(15,758)	(636,245)
Depreciation	(645,053)	(41,425)	-	-	(686,478)
Operating Income (Loss)	(512,575)	136,627	(6)	16,277	(359,677)
Non-Operating Income (Expense)	22,289	(56,196)	-	-	(33,907)
Net Income (Loss)	<u>\$ (490,286)</u>	<u>\$ 80,431</u>	<u>\$ (6)</u>	<u>\$ 16,277</u>	<u>\$ (393,584)</u>
Current Capital Contributions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Property, Plant and Equipment:					
Additions	<u>\$ 68,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,659</u>
Deletions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Assets	<u>\$25,303,580</u>	<u>\$1,662,111</u>	<u>\$ -</u>	<u>\$265,335</u>	<u>\$27,231,026</u>
Bonds and Other Long-Term Liabilities Payable From Operating Revenue	<u>\$ -</u>	<u>\$ 732,997</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 732,997</u>
Total Equity	<u>\$25,260,429</u>	<u>\$ 805,242</u>	<u>\$ (6)</u>	<u>\$265,251</u>	<u>\$26,330,916</u>

NOTE 16 - BERLIN WATER WORKS AND PUBLIC WORKS PENSION TRUST

The Berlin Water Works and Public Works Pension Trust have a fiscal year ended December 31 and are audited and reported on separately from other City funds. Financial data for them has not been included in the Combined Balance Sheet - All Funds, nor have the results of operations and cash flows of the entities for the fiscal year then ended been incorporated into the operating statements of the City. The Berlin Water Works and Public Works Pension Trust should be included as part of the reporting entity in accordance with generally accepted accounting standards but City officials have decided not to include them due to the different fiscal years of the entities.

NOTE 17 - DEFICIT FUND BALANCES

The deficit of the Food Services Fund arises because meal charge revenue is not sufficient to meet expenditures. The City anticipates transferring funds from the School in coming years to cover the deficit and/or increasing meal charges.

The deficit of the Wastewater Treatment II Fund (Capital Projects) arises because of expenditures on the project not eligible for Federal reimbursement and in excess of the original City bond. It is anticipated that this will be funded from the other wastewater projects as the funds become available.

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 18 - CONTINGENCY - LITIGATION

There are several lawsuits pending in which the City is involved. The City generally follows the practice of recording liabilities resulting from claims and legal actions only when they become fixed or determinable in amount. The City's attorneys estimate that unfavorable verdicts could be up to \$280,000.

NOTE 19 - COMMITMENT

The City is in the process of undergoing a complete reappraisal of property for tax assessment purposes. Total commitment under contract amounted to \$149,000 at year end.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE RELATED MATTERS NOTED IN A FINANCIAL
STATEMENT AUDIT CONDUCTED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

MASON+RICH

PROFESSIONAL
ASSOCIATION

ACCOUNTANTS
AND AUDITORS

August 14, 1992

Honorable Mayor,
City Council and City Manager
City of Berlin, New Hampshire 03570

We have audited the general purpose financial statements of City of Berlin, New Hampshire, for the year ended June 30, 1992 and have issued our report thereon dated August 14, 1992.

We have conducted our audit in accordance with generally accepted auditing standards, "Government Auditing Standards," issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing our audit of the general purpose financial statements of City, for the year ended June 30, 1992, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

The management of the City is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

TWO
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For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

- 1) Accounting Applications
 - a) Cash Receipts and Disbursements
 - b) Receivables and Billings
 - c) Accounts Payable and Purchasing
 - d) Payrolls
 - e) Property and Equipment
- 2) Controls Used in Administering Federal Programs
 - a) General Requirements
 - 1) Political Activity
 - 2) Davis-Bacon Act
 - 3) Civil Rights
 - 4) Cash Management
 - 5) Federal Financial Reports
 - 6) Allowable Costs
 - 7) Drug-Free Workplace
 - 8) Administrative Requirements
 - b) Specific Requirements

For all of the control categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design of operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

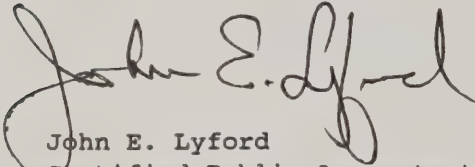
However, we noted other matters involving the internal control structure and its operation that we have reported to the management of the City in a separate letter dated August 14, 1992.

City of Berlin

August 14, 1992

This report is intended for the information of management and State and Federal Audit Agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "John E. Lyford". The signature is fluid and cursive, with a large initial "J" and a stylized "L".

John E. Lyford

Certified Public Accountant

MASON & RICH PROFESSIONAL ASSOCIATION

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Arthur Bergeron, Jr.
Louis Jolin

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Philip Tremblay
Rolande Cloutier, RN

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Richard Morin
Roger LaJoie

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Shawn Costello
Paul LaRoche
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Walter Crabtree
Mitchell Berkowitz
Donald Duquette
Sylvio Laplante
Maurice Wheeler
Shellie Bresnahan
Daniel Collins
Ronald Couture

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Omer Morin
Carl Oleson
David Bertrand
Paul St. Hilaire

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Donald Sloane
Faye Nolan

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Nathalie Savchick
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Edgar Mears
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Steven Morrisette
Rosemary Couture
Walter Crabtree
Mitchell Berkowitz
Paul Grenier

MAYORS OF THE CITY OF BERLIN

The Honorable...

Henry F. Marston	1897 - 1899	Aime Tondreau	1939 - 1943
John B. Noyes	1899 - 1900	Carl E. Morin	1943 - 1946
Frank L. Wilson	1900 - 1901	George E. Bell	1946 - 1947
Fred M. Clement	1901 - 1902	Paul A. Toussaint	1947 - 1950
John B. Gilbert	1902 - 1905	Aime Tondreau	1950 - 1957
George E. Hutchins	1905 - 1908	Guy Fortier	1957 - 1958
Fremont D. Bartlett	1908 - 1910	Laurier A. Lamontagne	1958 - 1962
Daniel J. Daley	1910 - 1915	Edward L. Schuette	1962 - 1965
George F. Rich	1915 - 1919	Dennis Kilbride	1965 - 1966
Eli J. King	1919 - 1924	Norman J. Tremaine	1966 - 1968
J.A. Vaillancourt	1924 - 1926	Earl F. Gage	1968 - 1970
Eli J. King	1926 - 1928	Norman Tremaine	1970 - 1972
Edward R.B. McGee	1928 - 1931	Sylvio J. Croteau	1972 - 1976
W.E. Corbin	1931 - 1932	Laurier A. Lamontagne	1976 - 1978
O.J. Coulombe	1932 - 1934	Leo G. Ouellet	1978 - 1982
Daniel J. Feindel	1934 - 1935	Joseph J. Ottolini	1982 - 1986
Arthur J. Bergeron	1935 - 1938	Roland W. Couture	1987 - 1988
Matthew J. Ryan	1938 - 1939	Leo G. Ouellet	1989 -

CITY MANAGERS OF THE CITY OF BERLIN

Stanley Judkins	1962 - 1966
Joseph Burke	1970 - 1973
James C. Smith	1973 - 1978
Michael L. Donovan	1978 - 1983
Mitchell A. Berkowitz	1983 -

REGULARLY SCHEDULED MEETINGS*

<u>SCHEDULED MEETING</u>	<u>SCHEDULED TIME</u>	<u>MEETING PLACE</u>
Board of Assessors	First Tuesday every month - 1:30 p.m.	Assessor's Office
Board of Education	2nd and 4th Monday 7:00 p.m.	Board Room Berlin Middle School
Board of Health	3rd Tuesday monthly at 4:30 p.m.	Health Department
City Council Regular Meeting	1st and 3rd Monday monthly - 6:30 p.m.	City Hall
City Council Work Session	2nd/4th/5th Monday monthly - 6:30 p.m.	City Hall
Cemetery Trustees	1st Wednesday each April 6:30 p.m.	City Hall
Berlin Housing Authority	2nd Tuesday monthly 7:00 p.m.	10 Granite Street
Industrial Development & Park Authority	2nd Thursday monthly 4:30 p.m.	City Hall - Executive Chambers
Library Trustees	1st Monday monthly at 4:00 p.m.	Library
Planning Board	1st Thursday monthly at 7:00 p.m.	City Hall - Executive Chambers
Police Commission	2nd Tuesday monthly at 4:00 p.m.	Police Station
Recreation & Parks	3rd Monday monthly at 5:30 p.m.	Recreation Center
Water Commission	2nd Monday monthly in a.m.	Willow Street
Zoning Board of Adjustment	3rd Wednesday monthly at 7:00 p.m.	Health Department

* Meetings other than above schedule must be posted at least 24 hours in advance, except Saturdays/Sundays/Holidays. Posting must be at City Hall's outer bulletin board and one other public location, usually at Department's main office building.

New Hampshire State Library



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